Gateway Success Essay, Research Paper

Gateway 2000 was formed by Ted Waitt(CEO), in September 1985, in Sioux City, Iowa. The company was founded along with Senior Vice president Mike Hammond. In 1990, as the company began to blossom it was moved to its current location in North Sioux City, South Dakota. They formed Gateway 2000 with one goal in mind- to offer PC buyers a logical alternative to high markups, limited choices and inadequate support, common in the retail PC market (Gateway.com 1). These two partners started selling hardware and software to people who owned Texas Instrument computers. The placed ads in computer related publications, selling to the end user. These two guys were the pioneers of direct-marketing in the PC industry.

Finally in 1987 Ted Waitt recognized the possibility of selling fully configured computers, at good prices. This idea gave Gateway a tremendous push forward into the computer industry. In 1987 the company reported revenues of 1.5 million dollars, later in 1989, it jumped to an astounding 70.6 million dollars. Finally, in 1996, they jumping into the billions with 5.04 billion dollars. In 1993, Gateway became a traded company in the NASDAQ market system under the symbol GATE. Making improvement along the way they moved to the New York Stock Exchange on May 22, 1997 and uses the symbol GTW. On June 16, 1997 the stock split.

Gateway 2000 is the leading global marketer of personal computers. Although they are the leader in global marketing they have a slight problem with their laptop division. the laptop division holds one of the lowest market shares in the market. Toshiba the leader in market share holds 21.2 percent of the market, Compaq holding 15.7, IBM with 12.4, Dell with 6.1, Acer with 5.0, Packard Bell with 4.4, Fujitsu with 3.4, Hitachi with 3.3, Micron with 3.2, and finally Gateway with 2.8 percent. With Gateways new and improved marketing plan, they should increase to the top over the next five years.

Gateway?s current target market is the home PC user. They put forth most of their energy trying to make the customer feel comfortable with its product. They also want the customer to feel as though they made the right decision buying from Gateway. This attitude will help Gateway in selling itself. They will not need to use extreme advertising because the word of mouth is the most powerful advertising tool. Currently Gateway as a whole is doing very well, with an expanding customer base. As that customer base continues to grow other segments of the company will also sprout. To date, Gateway Laptops are not as popular as many other brands. As Gateway continues to grow, so will their laptop market share.

Toshiba the leading market share holder of laptop computers, does not offer as many advantages as the Gateway laptop. Gateway provides customer service and low-reasonable prices. Also the they back every PC that they sell. This gives the customer the feeling that they are backed in every way when buying a laptop from Gateway. Gateway also features a web site strictly for its computers. The web site is very easy to use and informative as well. If the computers are as easy to use as the web site, than I think that everyone should own a Gateway.

Gateway laptops come in wide variety of models and prices ranging from $4099 to as low as $1649. The Models all feature Pentiuim processors and many other features. Gateway also offers payment plans when ordering off of the web site.

Gateway laptops have the capability to reach the top of the market share if they put more effort into building a stronger name for their laptops. They want customers to believe that they are buying the very best, and if they are not happy with laptop Gateway will do everything possible to make them happy customers.

As the computer industry begins to grow I think that new products will be the key to maximum growth. Gateway already offers twelve different models of laptop computers, so there is not a great deal of improvement needed in this area. They also offer services to customers. A customer service division for laptop computers would make the customer feel more specialized and comfortable with the product.

New products such as portable printers would give the consumer an advantage to using a laptop computer. Also, deal packages such as a laptop- printer combo would help to boost sales. Gateway used television advertising to get their name out into the publics mind. Gateway laptops are not easy to find and locate in many retail locations. If the company put more money into pushing their product into these location sales would definitely go up. Toshiba, the leader in laptop sales has distributed their product very well and this might be a reason why they hold the highest position. Gateway needs to put more of its laptops into chain technology stores such as circuit city. This will get the idea out that you do not have to be computer minded to own a Gateway laptop.

Dropping the prices for many of the models will also boost sales. How much the laptop cost severely impacts the market share. Their laptops are reasonably priced and offer as many if not more features than its competitors. Gateways main distribution channel is via the internet. Many of the purchase?s of laptops were ordered off of the internet. Then from there the PC?s are delivered to the end user. This way the customer is dealing directly with the manufacturer. Gateway could also have contracts with colleges to purchase laptops for their students.

Gateway should keep the same channel of distribution that they already use. Although, they do need to broaden their locations. They need to improve on promoting their product. More commercials and advertisements would help to get the word out to potential users. Gateway should also take some of its revenues from it PC?s and invest it in making their laptops number one.

Overall, Gateway is doing a great job with making the customer feel as though they are buying the right computer. They are also doing a great job promoting their PC?s. If they could do the same for Laptops they would be more successful, and might be able to capture both markets.

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